

Message Text

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PAGE 01 KINGST 00339 312218Z

70

ACTION ARA-20

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 SAM-01 AID-20 EB-11 CIEP-02 TRSE-00

STR-08 OMB-01 CEA-02 COME-00 FRB-02 XMB-07 OPIC-12

LAB-06 SIL-01 EA-11 FEA-02 AGR-20 NIC-01 INT-08 DRC-01

/239 W

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R 292300Z JAN 74

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 3855

INFO AMEMBASSY GEORGETOWN

AMEMBASSY BRIDGETOWN

AMEMBASSY PORT OF SPAIN

AMEMBASSY LONDON

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EO 11652: N/A

TAGS

SUBJECT: PRIME MINISTER MANLEY ON CARICOM HEADS
OF GOVERNMENT MEETING

REF: KINGSTON 290

1. SPEAKING AT AN AFTERNOON AIRPORT PRESS CONFERENCE
JANUARY 28 FOLLOWING HIS RETURN FROM CARICOM MEETING
IN BARBADOS WEEKEND JANUARY 26-27, PRIME MINISTER MANLEY
ANNOUNCED THAT THE CARICOM COUNTRIES HAD AGREED TO
REJECT U.K. OFFER RELATING TO INCREASED SUGAR PRICES.
ACCORDING TO THE PRESS, MANLEY SAID THE OFFER WAS
"UNREALISTIC BOTH IN THE CONTEXT OF CARIBBEAN COST OF
PRODUCTION AND THE REGIONAL SITUATION IN GENERAL."

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ALTHOUGH UNWILLING TO DISCUSS THE NATURE OF THE BRITISH

OFFER, THE PRIME MINISTER INDICATED IT HAD BEEN MADE DURING HIS RECENT VISIT TO THE U.K. IN EARLY JANUARY. MANLEY STATED THAT "AN OVER-WHELMING CASE" EXISTED FOR AN INCREASED SUGAR PRICE, BUT THE OFFER MADE WAS COMPLETELY UNREALISTIC IN VIEW OF THE REGION'S NEEDS. BECAUSE OF THE DRASTIC NEED FOR FOREIGN EXCHANGE, JAMAICA AND GUYANA WOULD SHIP IMMEDIATELY TO THE U.S. TO TAKE ADVANTAGE OF THE HIGHER U.S. PRICE AND TRINIDAD AND BARBADOS WOULD DO THE SAME AS SOON AS THEIR CROP WAS AVAILABLE. MANLEY STATED THAT SINCE AVERAGE PRODUCTION COST OF CARIBBEAN SUGAR IS J\$150 PER TON, U.K. PRICE CAUSED \$28 PER TON LOSS. NO BREACH OF THE COMMONWEALTH SUGAR AGREEMENT WAS INVOLVED ACCORDING TO THE PRIME MINISTER SINCE LATTER DEALT WITH "ANNUAL SUPPLY RATHER THAN INTERVALS OF SUPPLY." AFTER INITIAL SHIPMENTS TO THE U.S., COMMONWEALTH SHIPMENTS WOULD BE RESUMED AT A LATER DATE. MANLEY ALSO ANNOUNCED THAT A DECISION WAS MADE TO HAVE A MEETING OF CARICOM CENTRAL BANKS TO EVOLVE A COMMON BALANCE OF PAYMENTS AND FOREIGN EXCHANGE POLICY. MANLEY'S COMMENTS RECEIVED FRONT PAGE BANNER HEADLINES IN BOTH DAILY NEWSPAPERS.

2. COMMENT: THE BRITISH HIGH COMMISSIONER TOLD AN EMBASSY OFFICER LAST WEEK THAT THE U.K. OFFER CONSISTED OF A LOAN OF ABOUT TWO MILLION POUNDS STERLING. IN VIEW OF THE REGION'S FOREIGN EXCHANGE SHORTFALL, CARICOM COUNTRIES UNLIKELY TO ACCEPT U.K. OFFER THAT DID NOT INVOLVE A VERY CONSIDERABLE PRICE INCREASE AND GOJ HAS BEEN PRESSING FOR SOME TIME TO GIVE PRIORITY TO U.S. QUOTA INVIEW OF HIGHER U.S. PRICE. ADDITIONAL REASON FOR IMMEDIATE SHIPMENT TO U.S. UNDOUBTEDLY ALSO RELATED TO DECISION TO MAKE MAXIMUM PUBLIC RELATIONS IMPACT ON UNITED STATES SUGAR POLICY MAKERS. HEWITT

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